

AVIARA
ENERGY CORPORATION

One Riverway, Suite 700
Houston, Texas 77056

July 21, 2000

State of Utah
Division of Oil, Gas, & Mining
Attention: Mr. John Baza
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Reference: Application for Permit to Drill
Kane Springs Federal #3-1
Sec. 3 T26S R20E
Grand County, Utah

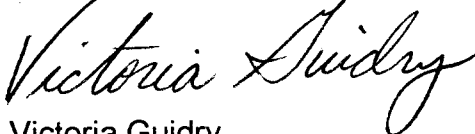
Dear Mr. Baza:

Enclosed please find the Application for Permit to Drill for the Kane Spring Federal #3-1 well which is being submitted for approval.

Should you have any questions or require additional information please contact Mr. Mark Swisher, Staff Petroleum Engineer or myself at 713-871-3400. Your assistance with this matter is greatly appreciated.

Very truly yours,

AVIARA ENERGY CORPORATION



Victoria Guidry
Production/Regulatory Coordinator

/v/jg

Enclosures

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

ORIGINAL

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. U66025
1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name NA
2. Name of Operator Aviara Energy Corporation		7. Unit or CA Agreement Name and No. Kane Springs Federal Unit
3a. Address P.O. Box 1350, Houston TX 77251-1350	3b. Phone No. (include area code) 713-871-3400	8. Lease Name and Well No. Kane Springs Federal #3-1
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 3394' FSL & 1210' FEL SE/NE Sec. 3, T26S, R19E 2512 FNL At proposed prod. zone 1000' FNL & 2000' FWL Sec. 3, T26S, R19E		9. API Well No.
14. Distance in miles and direction from nearest town or post office* 15 miles west of Moab, Utah		10. Field and Pool, or Exploratory Exploratory
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) Sur. 1210' from lease line 4069' from unit line BHL: 1000' from lease line 2000' from unit line	16. No. of Acres in lease 715	11. Sec., T., R., M., or Blk. and Survey or Area Sec. 3, T26S, R19E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	19. Proposed Depth 7350' TVD	12. County or Parish Grand
20. BLM/BIA Bond No. on file 158798586		13. State Utah
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5860' GL	22. Approximate date work will start* 8/5/00	17. Spacing Unit dedicated to this well 580
23. Estimated duration 60 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Victoria Guidry</i>	Name (Printed/Typed) Victoria Guidry	Date 07/07/00
Title Production/Regulatory Coordinator		
Approved by (Signature)	Name (Printed/Typed)	Date
Title Office		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on Reverse)

43-019-31379

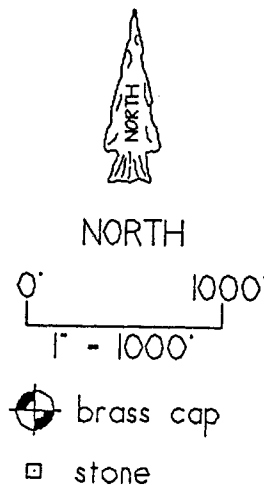
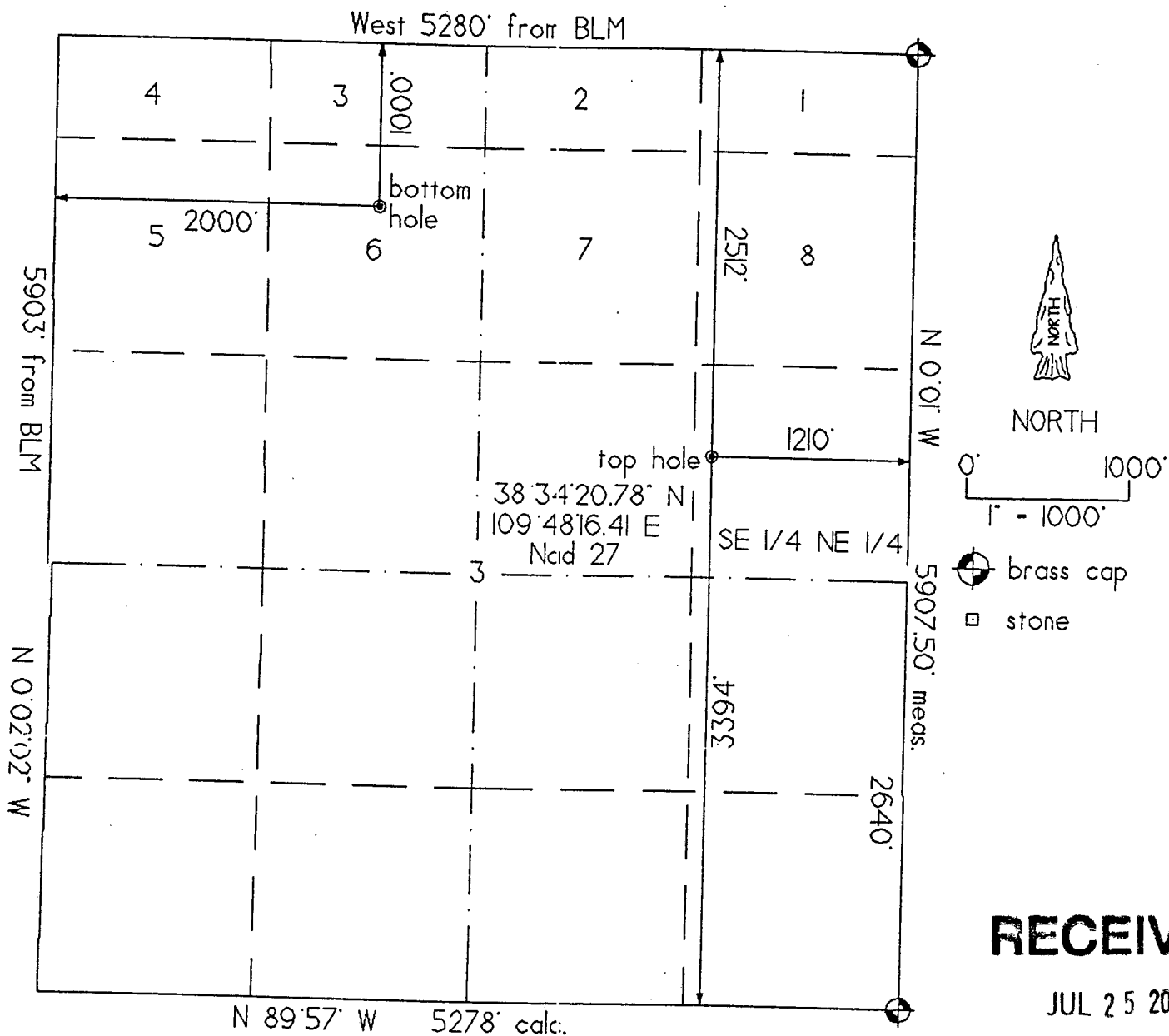
Federal Approval of this
Action is NecessaryApproved by the
Utah Division of
Oil, Gas and Mining
Date: 8/15/00
By: *[Signature]*

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Well Location Plat



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Well Location Description

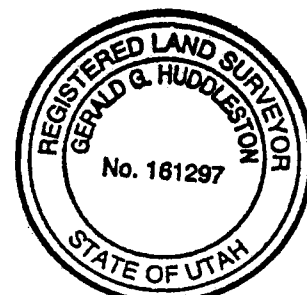
AVIARA ENERGY CORPORATION - Kane Springs Federal # 3 - 1
top hole: bottom hole:
2512' FNL & 1210' FEL 1000' FNL & 2000' FWL
5860' grd. el. from GPS

Section 3, T.26 S., R.19 E., SLM
Grand County, UT

26 June 2000

Gerald G. Huddleston
Gerald G. Huddleston, LS

The above is true and correct to my knowledge and belief.



7-4-'00

HUDDLESTON LAND SURVEYING - BOX KK - CORTEZ, CO - (970) 565-3330

Bureau of Land Management
Moab District

Application for Permit to Drill

On-Site Inspection Checklist

Company AVIARA ENERGY CORP. Well No. KANE SPRINGS FEDERAL #3-1

Location: Sec. 3, T. 26S, R. 19E, Lease No. UTU-66025

On-Site Inspection Date 5/10/00 (Held prior to NOS/APD to screen VRM concerns)

All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR § 3100), Onshore Oil and Gas Orders, the approved plan of operations and the conditions of approval. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

A. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops:

FORMATION TOPS	SUBSEA	DEPTH (RKB=25)
Alluvium	5856	0
Chinle	5450	415
Cutler White Rim	4643	1232
Hermosa	3275	2600
Paradox Salt	1932	3943
Cane Creek	-1475	7350

2. Estimated Depth at Which Oil, Gas, Water or Other Mineral Bearing Zones are Expected to be Encountered:

Expected Oil Zones: Cane Creek - Subsea: -1475; TVD Depth (RKB=25'): 7350'

Expected Gas Zones: None Expected

Expected Water Zones: Kayenta/Wingate - Subsea: 5856; TVD Depth (RKB=25'): 0

Expected Mineral Zones: None Expected

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and will be cased and cemented. When possible, water flow rates will be measured and samples will be taken and analyzed with the results being submitted to BLM. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment -include schematics of the BOP and choke manifold, and describe testing procedures:

SURFACE (0-450') & UPPER INTERMEDIATE (450' - 3,975') INTERVAL:

A rotating head and bloop line will be rigged up on the conductor and surface pipe. One (1) annular bag-type preventer will be utilized while drilling the intermediate hole to 3,975' in the air drilling interval of the hole (See Exhibit C-1).

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LOWER INTERMEDIATE INTERVAL 3,975'-7,640'

One (1) annular bag-type and (3) ram-type preventers will be utilized while drilling below the intermediate pipe. Ram preventers are to be tested to 5000 psi or a minimum of seventy percent (70%) of burst rating of intermediate pipe. Annular preventer is to be tested to a minimum of fifty percent (50%) of working pressure. (See Exhibit C-2).

Choke Manifold will meet or exceed the requirements of the typical 5M manifold as in Onshore Order #2. Two remote operated hydraulic chokes installed prior to drilling into the Cane Creek. One panel will be located on the rig floor (See Exhibit C-2).

HORIZONTAL INTERVAL 7,640' - 9,400'

While drilling horizontally through the Cane Creek formation a high pressure rotating head diverter will be installed on top of the annular preventer. The static working pressure will equal or exceed 2,500 psi and the rotating working pressure will equal or exceed 1,500 psi. The rotating head will be tested to 3,000 psi with a test cap. (See Exhibit C-3). 10M psi BOPs may be substituted for 5M psi BOPs.

A large atmospheric gas buster rated at a minimum of 50 mmscf/day with a minimum of 8" x 100' flare line routed to flare pit. The flare line is to be equipped with an electric igniter.

This equipment will be utilized to safely control well pressures and produced fluids while drilling into the potentially fractured Cane Creek formation.

BOP systems will be consistent with API RP 53 and Onshore Oil and Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment potentially subject to pressure will be conducted before drilling the surface casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated each trip (no more than once a day is necessary), and annular preventers shall be inspected and operated weekly to ensure good mechanical working order. These inspections shall be recorded in the drilling log and in the daily drilling report.

4. Casing Program and Auxiliary Equipment -include casing size, weight, grade, thread and coupling, setting depth and condition (new or acceptably reconditioned):

SURFACE PIPE:

0-450' INTERVAL; 13-3/8" SIZE; 54.5 WT; K-55 GR; BT&C CONN; 2730/11 BURST/SF; 1130/3.65 COLLAPSE/SF; 547/14.3 TENSION/SF. Set \pm 50' below top of Chinle Red Beds. Tension safety factor calculated using air weight. Pressure test to 70% of casing burst or 1900 psi before drilling out of shoe.

INTERMEDIATE PIPE:

0-3975' INTERVAL; 9-5/8" SIZE; 43.5 WT; N-80 GR; LTC CONN; 6330/2.07 BURST/SF; 3810/1.3 COLLAPSE/SF; 825,000/2.83 TENSION/SF. Set \pm 30' below top of Paradox Salt. Tension safety factor calculated using air. Collapse design based on 8.5 ppg emw gradient with no backup fluid (casing evacuated). Collapse design neglects salt creep load in Paradox Salt. Burst design based on maximum surface pressure calculated by subtracting an oil gradient of 0.355 psi/ft from a fracture gradient of 1.0 psi/ft. A burst backup fluid of 8.5 ppg was used. Pressure test to 51% of casing burst or 3200 psi before drilling out of shoe.

PRODUCTION PIPE:

INTERVAL	SIZE	WT	GR	CONN	BURST/SF	DERATED COLLAPSE/SF	TENSION/SF
0-3800'	7	26	N-80	LTC	7240-1.7	5410/1.84	519,000/2.35
3800-7640'	7	29	HCN-80	LTC	8160/1.85	9200/1.173	655,000/2.47

Set \pm 15' TVD below top of Cane Creek. Tension safety factor calculated using air. Bending stresses considered using 14°/100' dog leg severity. Collapse design based on 10 ppg emw gradient from 0 - 3800'

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with casing evacuated. From 3800' to 7390' TVD/7640' MD, collapse design based on 1.04 psi/ft with casing evacuated. Collapse resistance is de-rated for bi-axial stresses. Burst design based on maximum surface pressure equal to a pore pressure of 18.0 ppg emw less an oil gradient of 0.355 psi/ft. The packer fluid density and burst backup fluid density are assumed to be equal. Pressure test to 5000 psi or 55% of casing burst before drilling out of shoe.

PRODUCTION LINER: No liner will be run in horizontal lateral.

AUXILIARY EQUIPMENT:

- A. A kelly cock will be kept in the string at all times.
- B. A stabbing valve will be kept on the derrick floor at all times.
- C. Drill pipe floats will be used while air drilling.
- D. Tandem floats will be placed above MWD and downhole motors in the drill string when drilling in the Cane Creek formation.
- E. A large atmospheric gas buster rated at a minimum of 50 mmscf/day with a minimum of 8" x 150' flare line routed to flare pit. The flare line is to be equipped with an electric igniter.
- F. Two remote operated hydraulic chokes installed prior to drilling into the Cane Creek. One panel will be located on the rig floor and the other panel on the ground.
- G. Visulogger rigged up after drilling out of 9-5/8" casing.

5. **Cement** -include the cement type, density, yield, additives and amount used in setting each casing string. Also include the anticipated cement fill-up. If stage cementing, describe techniques:

SURFACE PIPE: Lead w/ 270 sks CL G + additives. Tail w/ 170 sks CL G + additives. TOC-surface.

INTERMEDIATE PIPE: Lead w/ 200 sks CL G + additives. Tail w/ 240 sks CL G neat, 15.8 ppg, 1.15 yield. TOC- 2250' w/ 35% excess.

PRODUCTION PIPE: Lead w/ 300 sks CL G + additives. Tail w/ 145 sks CL G + additives. TOC- 3750' w/ 35% excess.

Surface casing shall be cemented back to surface. Centralizers shall be run, at a minimum, on the bottom three joints of each casing string.

6. **Mud Program and Circulating Medium** -include mud components and weights. When air drilling, also include: length and location of blooie line; description of the auto igniter; description of the de-duster equipment; and amounts, types and characteristics of stand-by mud:

DEPTH (MD)	WEIGHT	PV	YP	API WL	TYPE
0 - 450'					Air/Mist/Water
450' - 3975'					Air/Mist/Water
3975' - 7640'	10 - 18	35 - 60	20 - 24	<10	Oil Based Mud
7640' - 9400'	15 - 18	45 - 60	20 - 24	<10	Oil Based Mud

Blooie line will be to NW side of location and at least 100' from well. Igniter will be solar/battery powered.

Due to potential for contamination of usable quality water aquifers, chromates are banned from Federal leases.

Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonably be expected.

7. **Coring, Logging and Testing Program:**

- A. Drill Stem Tests - none planned.
- B. Well Logging and Intervals:
MWD/GR will be attempted from kick off point at 6800' TVD/MD to TD at 7310' TVD/9400' MD.

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- C. Cores: A 30' oriented core will possibly be attempted in the Cane Creek formation at the first sign of fractures.
- D. Directional Surveys: This well as proposed will be drilled vertically to 6800' and then drilled as a medium radius well at an azimuth of 293.5 DEG for a total displacement of 2250'. Inclination surveys will be taken at 500' and at 1000' maximum intervals until KOP. At KOP, a multi-shot will be taken. During the angle build portion, surveys will be taken at 90' maximum intervals. During the horizontal portion of the hole, surveys will be taken at 200' maximum intervals.
- E. Samples: One sample will be taken at 10' intervals from 3700' to TVD.
- F. Mud Logger: There will be a mud logger on location at 3700' (275' above intermediate pipe depth) to TVD.
- G. Completion Procedure: To be submitted on form 5 under "Approval of Subsequent Operations".
- H. Where the well is completed as a dry hole or a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completions operations will be filed with form 3160-4.

Initial opening of drill stem test tools will be restricted to daylight hours.

- 8. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards - include anticipated bottomhole pressure and/or pressure gradient. Also list anticipated lost circulation zones, abnormal temperature zones and possible hydrogen sulfide bearing zones: Abnormal pressure is anticipated in the Cane Creek formation. The proposed casing program and pressure control equipment has been designed based on the anticipated abnormal pressures of the Cane Creek formation. Flow drilling techniques will be used to safely control surface pressures and well fluid influxes. Pore pressures up to 18.0 ppg are expected. Hydrogen Sulfide is not anticipated.
- 9. Any Other Aspects of this Proposal that should be Addressed:
 - A. Construction of Location is scheduled to start immediately after approval of APD.
 - B. No location will be constructed or moved, no well be plugged and no drilling or workover equipment will be removed from the well to be placed in a suspended status without prior approval of the AO.
 - C. The spud date will be reported orally to the AO within 48 hours after spudding, or on the next business workday if the spud occurs on a weekend.
 - D. Spills, blowouts, fires, leaks, accidents or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revisions.
 - E. If a replacement rig is contemplated for completion operations, a "Sundry Notice" to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
 - F. Should the well be successfully completed for production, the AO will be notified when the well is placed in a production status. Notification will be made no later than five days following the date on which the well is placed on production.
 - G. Venting/flaring of gas during initial well evaluation tests will not exceed a period of thirty days or the production of 50 MMCF/day of gas, whichever occurs first. An application will be filed with the District Engineer and approval received, for any venting or flaring beyond the initial 30 day authorized test period.
 - H. Well abandonment operations will commence only after prior approval has been received from the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" will be filed with the AO within 30 days following completion of the well abandonment operations.
 - I. There will be no deviation from the proposed drilling and/or workover program without prior

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- approval of the AO. Safe drilling and operating practices will be observed.
- J. This well whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.3-2.

B. THIRTEEN POINT SURFACE USE PLAN

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

1. Existing Roads:

- a. Proposed route to location (submit a map depicting access and well location). See Map "A".
- b. Location of proposed well in relation to town or other reference point:
From Moab, 11 miles N on Hwy. 191, left on SR 313 for 12 miles, right on Mineral Canyon road for 7 miles, access road will be on right, .1 miles to location at end of access road.
- c. Contact the County Road Department for use of county roads.
- d. Plans for improvement and/or maintenance of existing roads: None.
- e. Other:

2. Planned Access Roads:

- a. Location (centerline): Same access as used by Ensearch for Mineral Canyon Federal #1-3 well.
- b. Length of new access to be constructed: .1 miles
- c. Length of existing roads to be upgraded: None
- d. Maximum total disturbed width: 35 feet
- e. Maximum travel surface width: 21 feet (except for turnouts)
- f. Maximum grades: N/A
- g. Turnouts: 1 anticipated - total width of road approximately 35' x 150'.
- h. Surface materials: Native soils during drilling. During production, as per BLM's Surface Operating Standards for Oil and Gas Exploration and Development
- i. Drainage (crowning, ditching, culverts, etc.): Flat bladed for drilling operations. Crowned & ditched for production as per BLM's Surface Operating Standards for Oil and Gas Exploration and Development. Culverts will be installed at all drainages where needed.
- j. Cattle guards: None
- k. Length of new and/or existing roads which lie outside the lease or unit boundary for which a BLM

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right-of-way is required: None

1. Other: _____

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by the Area Manager in advance.

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations determined by the authorized officer.

If the well is productive, the access road will be rehabilitated or brought to Resource (Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.

3. Location of Existing Wells -on a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each Ensearch Mineral Canyon Federal #1-3 was drilled and abandoned. Well is shown on surveyor plat since same pad is being used.

4. Location of Production Facilities:

a. On-site facilities: If well is productive, new on-well pad facilities and lines will be submitted as "as built" under the following guide lines. Facilities will be placed in cut as much as possible. All internal combustion engines associated w/ production facilities will be equipped w/ noise reducing mufflers. Fire prevention and suppression requirements for operations on Federal lands will be followed as per BLM guidelines.

Off-site facilities: None

c. Pipelines: No permanent pipelines will be installed between this well and other facilities at present.

All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, non-reflective color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required by comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows: Match surrounding rocks, soils, vegetation.

All site security guidelines identified in 43 CFR § 3162.7-5 and Onshore Oil and Gas Order No. 3 shall be followed.

If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline will be buried from the separation equipment to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR § 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.

If a tank battery is constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain the storage capacity of the largest tank and 1 day's production. All loading lines and valves will be placed inside

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the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR 8 3162.7-3 and Onshore Oil and Gas Order No. 4.

Production facilities on location may include a lined or unlined produced water pit as specified in Onshore Order No. 7. If water is produced from the well, an Onshore Order No. 7 application must be submitted.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from (describe location and/or show on a map): City of Moab and/or Colorado river at Hwy 191 crossing north of Moab.

A temporary water use permit for this operation will be obtained from the Utah State Engineer in Price, Utah at (435) 637-1303.

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material:

Pad construction material will be obtained from (if the source is Federally owned, show location on a map): Native on site materials for well pad.

The use of materials under BLM jurisdiction will conform to 43CFR 8 3610.2-3.

7. Methods of Handling Waste Disposal:

Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc.

- A. Drill cuttings will be deposited in either the blooie pit or the reserve pit, unless a closed loop system is used. Cuttings from air drilling will be deposited into the blooie pit. After switching to the mud system, cuttings will be deposited into the reserve pit, unless a closed loop system is used.
- B. Drilling fluids will be confined to mud tanks and reserve pit if necessary. At rig release, mud will be removed from location for future use.
- C. While testing the well, all produced water will be contained in a storage tank or temporary produced water pit. If well is a producer, a saltwater storage tank will be installed with the tank battery.
- D. Sewage will be either treated on-site using an approved treatment unit or disposed of according to county and state requirements in a portable chemical toilet or in a hole at least 15" deep excavated in the cut portion of the well pad.
- E. Portable dumpsters or "trash trailers" will be used for all trash. All trash will be hauled offsite.
- F. If a fresh water flow is encountered during the air drilling operations, the water may be used for dust control on the location and access roads, provided the following conditions are met:
 - 1. The BLM will be notified of our intent to use the fresh water for this purpose.
 - 2. The chlorides content of the water will be 6060 ppm or less, which is essentially equivalent to or less than 10,000 mg/l total dissolved solids. Water with higher chlorides content may be used for dust control with specific prior approval of the BLM.
 - 3. The water will be tested by an independent lab or mud engineer and the results of the analysis will be provided to the BLM.
- G. The reserve pit (if closed loop system not used) shall be constructed so as not to leak, break, or allow discharge. The reserve pit will be inspected by the BLM personnel during and after construction. If needed, the reserve pit will be lined with a synthetic liner consisting of a bentonite/soil mixture of 5# bentonite per square foot, mixed to a depth of 8" as specified by the BLM. An apron consisting of 12

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mil plastic liner material will be placed under the mud tanks. The blooie pit will be lined with a 12 mil plastic liner or bentonite as described above, as needed.

- H. After first production, produced waste water will be confined to a lined pit or storage tank for a period not to exceed 90 days. During the 90 day period, in accordance with NTL-2B, an application for approval of permanent disposal method and location, along with required water analysis, shall be submitted for the authorized officer's approval.

The reserve pit will be located: See location plat., and the pit walls will be sloped at no greater than 3 to 1, if using bentonite line.

The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.

8. Ancillary Facilities: No camp, airstrip or other facilities will be built during the drilling of this well. Up to seven trailers will be on location as temporary quarters for rig personnel during drilling operations.
9. Well Site Layout -depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1"=50'.

All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 8 3162.6.

Access to the well pad will be from: NE

The blooie line will be located: NWside of well site., at least 100 feet from the well head.

To minimize the amount of fugitive dust and spray escaping from the blooie pit, the following blooie line deflection method will be employed: directed into length of casing and drill cuttings deflected downward.

10. Plans for Restoration of the Surface:

The top 2 inches of topsoil material will be removed from the location and stockpiled separately on S side.

Topsoil along the access road will be reserved in place adjacent to the road.

Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed. The reserve pit and that portion of the location not needed for production will be reclaimed.

Before any dirt work to restore the location takes place, the reserve pit must be completely dry.

All road surfacing will be removed prior to the rehabilitation of roads.

Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.

All disturbed areas will be re-contoured to replicate the natural slope.

The stockpiled topsoil will be evenly distributed over the disturbed area.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

Seed will be broadcast or drilled between October 1 and December 31, or at a time specified by the BLM. If

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broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

The following seed mixture will be used: (PLS) drill seeding rate

Indian rice grass	4#/Ac
Fourwing saltbush	4#/Ac
Galleta	4#/Ac
Sand dropseed	1#/Ac
Increase 50% if broadcast	

The abandonment marker will be one of the following, as specified by BLM:

- 1) at least four feet above ground level,
- 2) at restored ground level, or
- 3) below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).

Additional requirements: None

11. Surface and Mineral Ownership: Fed/Fed

12. Other Information:

a. Archeological Concerns: Four Corners Archeology will complete Class III inventory

The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five (5) working days, the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
- a time frame for the AO to complete an expedited review under 36 CFR § 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

b. Threatened and Endangered Species Concerns: None identified by BLM

c. Wildlife Seasonal Restrictions (yes/no): None identified by BLM. No lease stipulations.

d. Off Location Geophysical Testing: None

e. Drainage crossings that require additional State or Federal approval: None

f. Other: Well site orientation and VRM concerns discussed with BLM on 5/10/00.

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OIL, GAS AND MINING

13. Lessee's or Operator's Representative and Certification

Representative:

Name: Donnie Worthington
Title: Environmental/Safety/Regulatory Manager
Address: P.O. Box 1350
Houston, TX 77251-1350
Phone No. (713) 871-3445

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Aviara Energy Corporation and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided under BLM bond no. 158798586. This statement is subject to the provisions of 18 U.S.C. § 1001 for the filing of a false statement.

Mark Swisher
Signature

Production Supt.
Title

7-7-00
Date

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C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Building Location- Contact the Resource Area, Natural Resource Protection Specialist at least 48 hours prior to commencing construction of location.

Spud- The spud date will be reported to the Resource Area Office 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the District Office within 24 hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the District Office on a weekly basis.

Monthly Reports of Operations- In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR § 3162.3-2. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Authorized Officer. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the Resource Area in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Area Manager is to be notified.

First Production- Should the well be successfully completed for production, the District Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Resource Area Office. The Resource Area Office shall be notified prior to the first sale.

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Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well or after completion of operations being performed, in accordance with 43 CFR § 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the District Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the District Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomical is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along a water analysis, if required, will be submitted to the District Office for approval pursuant Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the District Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the District Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the District Office, within thirty (30) days following plugging and abandonment of the well. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR § 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Manager or his representative, or the appropriate surface managing agency.

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**DIVISION OF
OIL, GAS AND MINING**

TABLE 1

NOTIFICATIONS

Notify _____ of the _____ Resource Area, at _____ for the following:

2 days prior to commencement of dirt work, construction or reclamation;

1 day prior to spudding;

50 feet prior to reaching surface and intermediate casing depths;

3 hours prior to testing BOPE;

12 hours prior to reaching kickoff point depth (if applicable).

If the person at the above number cannot be reached, notify the Moab District Office at (801) 259-6111. If unsuccessful, notify one of the people listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab District Office, Branch of Fluid Minerals at (801) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer

Office: (801) 259-6111

Home: (801) 259-2214

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¹³
JUL 25 2000

DIVISION OF
OIL, GAS AND MINING

TABLE 1

NOTIFICATIONS

Notify _____ of the _____ Resource Area, at _____ for the following:

2 days prior to commencement of dirt work, construction or reclamation;

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If the person at the above number cannot be reached, notify the Moab District Office at (435) 259-6111. If unsuccessful, notify one of the people listed below.

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Eric Jones, Petroleum Engineer

Office: (435) 259-6111

Home: (435) 259-2214

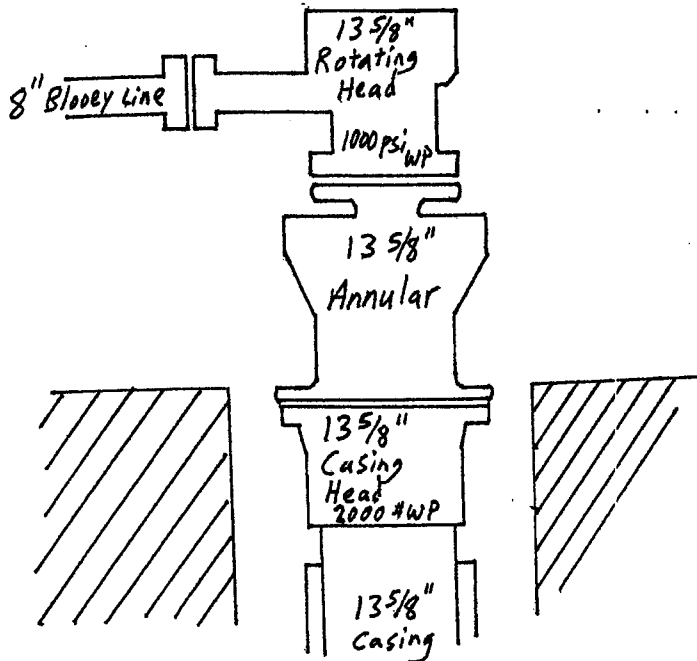
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JUL 25 2000

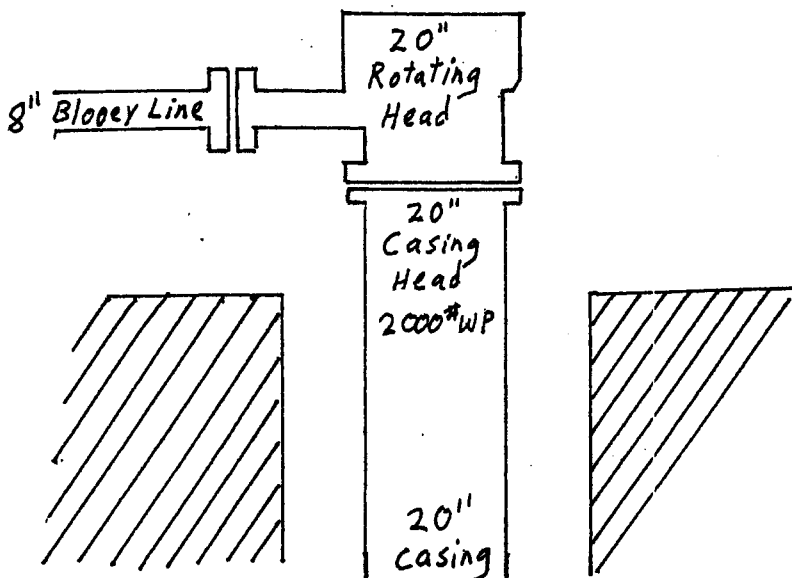
DIVISION OF
OIL, GAS AND MINING

Exhibit C-1

12 1/4" Intermediate Hole



17 1/2" Surface Hole

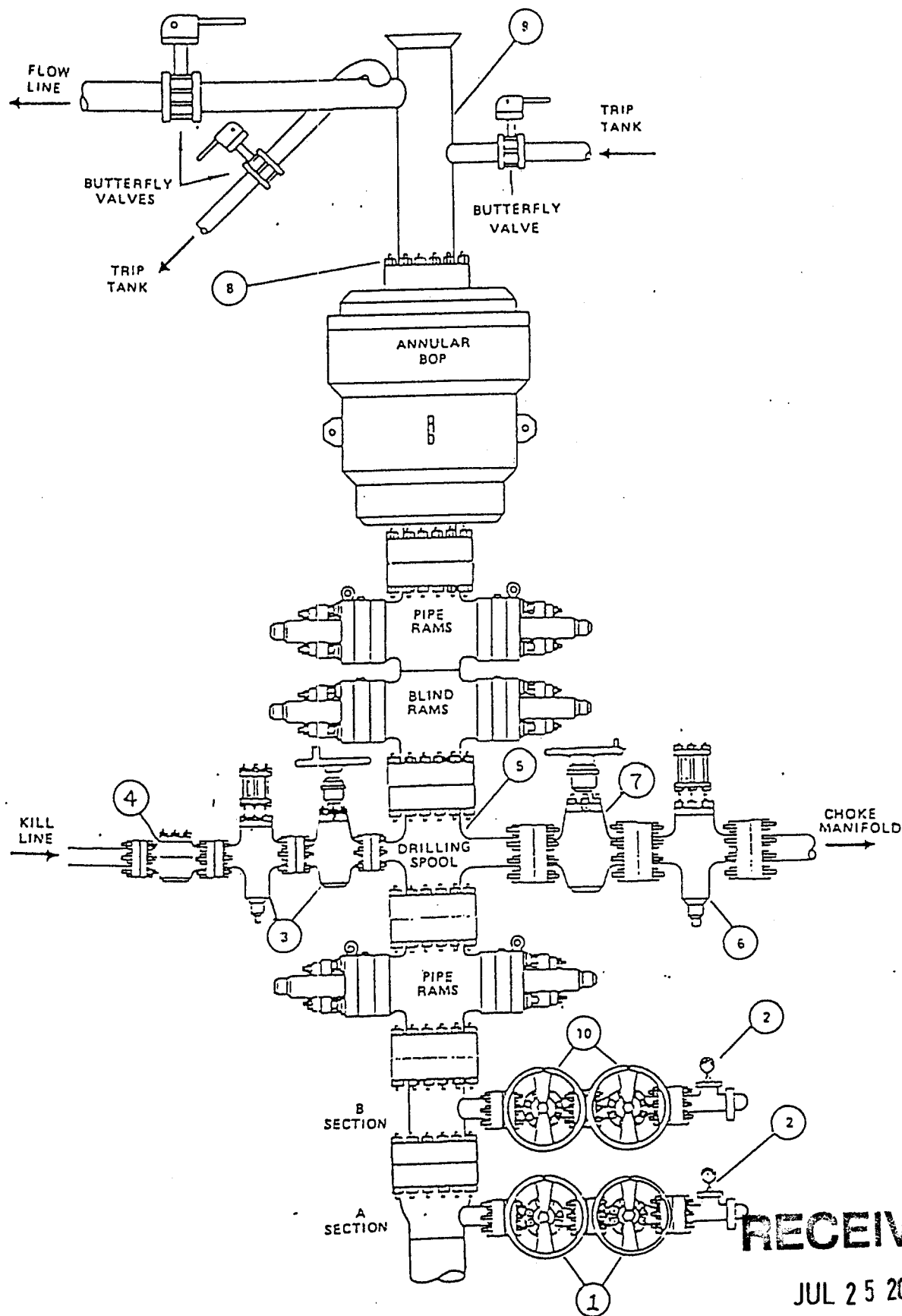


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7-5-00



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COMPONENT SPECIFICATIONS

1. Screwed or flanged plug or gate valves — 2" minimum nominal dia. — same working pressure as "A" section.
2. Tee with tapped bullplug, needle valve, and pressure gauge.
3. Flanged plug or gate valve — 2" minimum nominal dia. — same working pressure as BOP stack. Second valve up stream may be hydraulically controlled.
4. Flanged flapper type check valve — 2" minimum nominal dia. — same working pressure as BOP stack.
5. Drilling spool of sufficient height to allow stripping with 2 flanged side outlets — 3" choke and 2" kill line minimum nominal dia. (See Table II-4 and Note D.)
6. Flanged hydraulically controlled gate valve — 3" minimum nominal dia. — same working pressure as BOP stack. (See Note D.)
7. Flanged plug or gate valve — 3" minimum nominal dia. — same working pressure as BOP stack.
8. Top of annular preventer must be equipped with an API flange ring gasket. All flange studs must be in place or holes filled in with screw type plugs.
9. The I.D. of the bell nipple must not be less than the minimum I.D. of the BOP stack.
10. Flanged plug or gate valve — 2" minimum nominal dia. — same working pressure as "B" section.

NOTE:

The choke line between the drilling spool and choke manifold should not contain any bend or turn in the pipe body. Any bend or turn required should be made with a running tee with a blind flange or welded bullplug. All connections should be flanged or welded. All fabrications requiring welding must be done by a certified welder. Welds should be stress relieved when required.

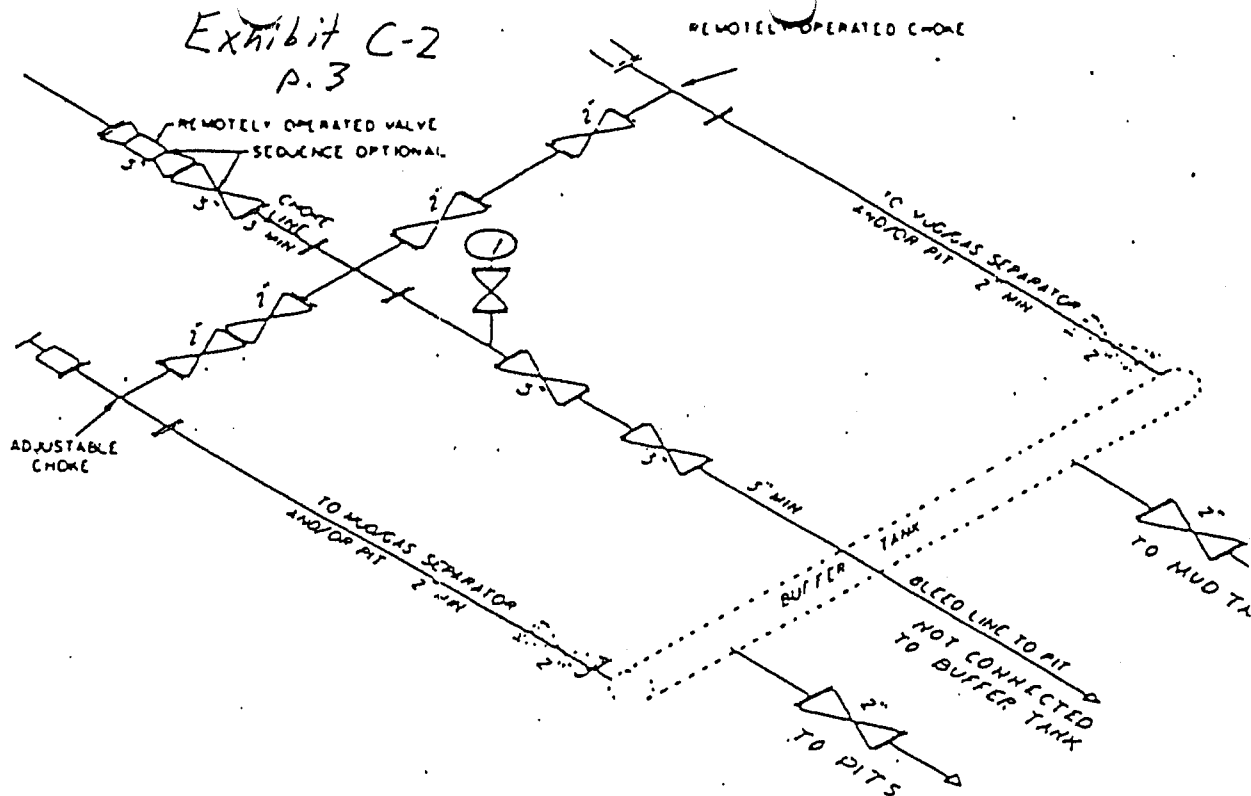
Plug valves should be equivalent to the Howco Lo-Torc and gate valves equivalent to the Cameron Type 'F'.

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Exhibit C-2 A.3



5M CHOK MANIFOLD EQUIPMENT — CONFIGURATION MAY VARY

Although not required for any of the choke manifold systems, buffer tanks are sometimes installed downstream of the choke assemblies for the purpose of manifolding the bleed lines together. When buffer tanks are employed, valves shall be installed upstream to isolate a failure or malfunction without interrupting flow control. Though not shown on 2M, 3M, 10M, or 15M drawings, it would also be applicable to those situations.

[FR Doc. 88-22734 Filed 11-17-88; 4:45 am]
BILLING CODE 4310-01-C

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DIVISION OF
OIL, GAS AND MINING

EXHIBIT C-3

BLOWOUT PREVENTOR SCHEMATIC

AVIARA ENERGY CORPORATION

WELL : KANE SPRINGS FEDERAL UNIT 51239 #7-1

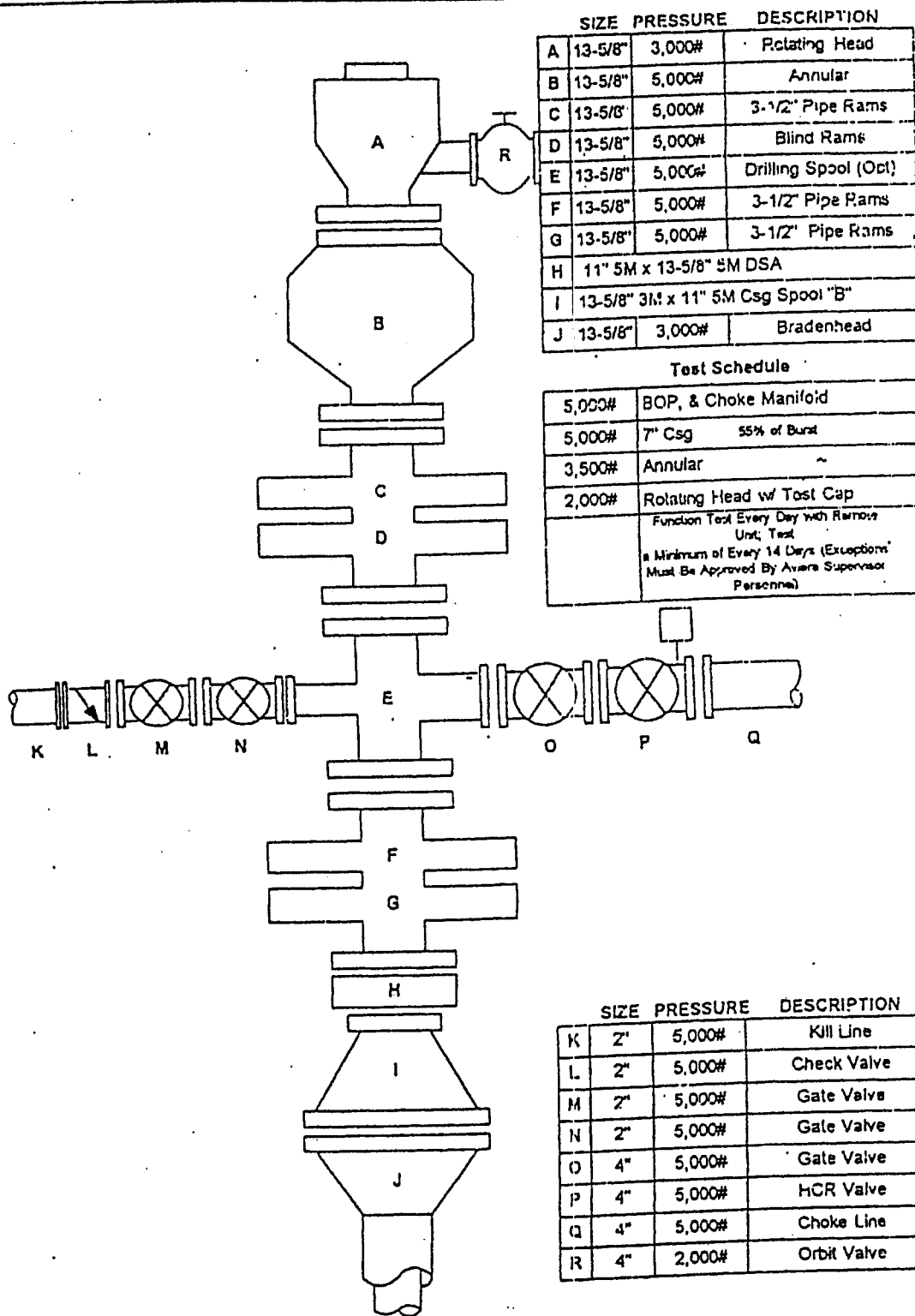
FIELD : KANE SPRINGS

RIG : TO BE DETERMINED

COUNTY : GRAND COUNTY UTAH

STATE: UTAH

OPERATION: DRILLING OUT BELOW 7" CSG

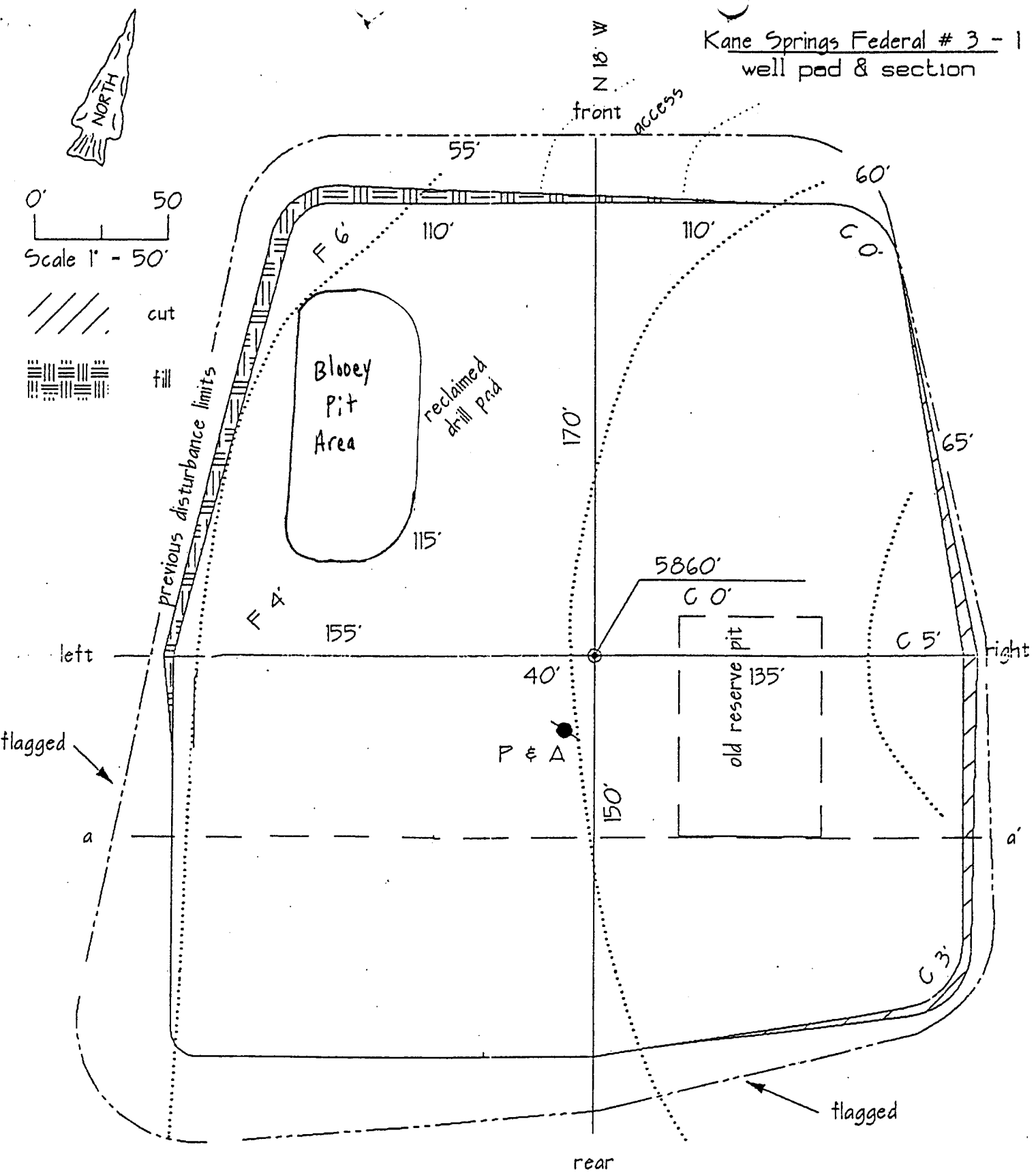


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JUL 25 2000

DIVISION OF
OIL, GAS AND MINING

Kane Springs Federal # 3 - 1
well pad & section



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JUL 25 2000

DIVISION OF
OIL, GAS AND MINING

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/25/2000

API NO. ASSIGNED: 43-019-31379

WELL NAME: KANE SPRINGS FED 3-1

OPERATOR: AVIARA ENERGY (N5500)

CONTACT: VICTORIA GUIDRY

PHONE NUMBER: 713-871-3400

PROPOSED LOCATION:

SENE 03 260S 190E

SURFACE: 2512 FNL 1210 FEL

NEW BOTTOM: 1000 FNL 2000 FWL

GRAND

UNDESIGNATED (2)

LEASE TYPE: 1-Federal

LEASE NUMBER: U-66025

SURFACE OWNER: 1-Federal

PROPOSED FORMATION: CNCR

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed~~1~~ Ind[] Sta[] Fee[]
(No. 158798586)

☒ Potash (Y/N)

☒ Oil Shale (Y/N) *190 - 5 (B)

☒ Water Permit
(No. MUNICIPAL)

☒ RDCC Review (Y/N)
(Date:)

☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING: #Contracted 8-5-2000

☒ R649-2-3. Unit ~~Kane Springs~~

☒ R649-3-2. General

Siting: * Horiz.

☒ R649-3-3. Exception

☒ Drilling Unit

Board Cause No: _____

Eff Date: _____

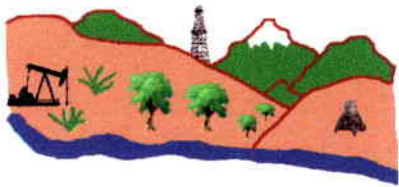
Siting: _____

☒ R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS:

① FEDERAL APPROVAL
② Directional information



Utah Oil Gas and Mining

OPERATOR: AVIARA ENERGY CORP (N5500)

FIELD: UNDESIGNATED (002)

SEC. 3, T26S, R19E,

COUNTY: GRAND UNIT: KANE SPRINGS
SPACING: R649-3-2/HORIZ

T25S R19E

KANE SPRINGS UNIT

T26S R19E

BHL



KANE SPRINGS FED 3-1
SURF LOC



3

GLEN M RUBY 1-A
BIG FLAT UNIT 1

PREPARED BY: LCORDOVA
DATE: 9-AUGUST-2000

AVIARA
ENERGY CORPORATION

One Riverway, Suite 700
Houston, Texas 77056

August 3, 2000

State of Utah
Division of Oil, Gas, & Mining
Attn: Lisha Cordova
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114

Reference: Kane Springs #3-1
U66025
Grand County, Utah

Dear Ms. Cordova:

Please include this letter as an attachment to the "Application for Permit to Drill" the above referenced well which was submitted on July 21, 2000.

R649-3-2 (#3) of The Oil and Gas Conservation General Rules of the Utah Division of Oil, Gas and Mining states that:

"In the absence of special orders of the Board, no portion of the horizontal interval within the potentially productive formation shall be closer than six hundred-sixty (660) feet to a drilling or spacing unit boundary, federally unitized area boundary, uncommitted tract within a unit, or boundary line of a lease not committed to the drilling of such horizontal well."

This letter serves as notice that the Kane Springs #3-1 location complies with this rule.

Please contact me at 713-871-3400 should you have any questions or require additional information. Thank you for your assistance with this matter.

Very truly yours,

AVIARA ENERGY CORPORATION


Donny W. Worthington
Manager, Environmental, Safety And Regulatory Affairs

DW/VG/vjg

docs\reg\050e

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AUG 07 2000

DIVISION OF
OIL, GAS AND MINING



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

August 15, 2000

Aviara Energy Corporation
PO Box 1350
Houston, TX 77251-1350

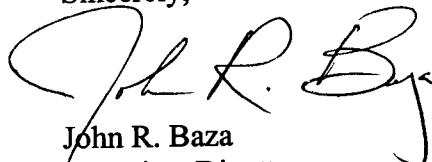
Re: Kane Springs Federal 3-1 Well, 1000' FNL, 2000' FWL, NE NW, Sec. 3, T. 26 South,
R. 19 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31379.

Sincerely,



John R. Baza
Associate Director

er

Enclosures

cc: Grand County Assessor
Bureau of Land Management, Moab District Office

Operator: Aviara Energy Corporation
Well Name & Number Kane Springs Federal 3-1
API Number: 43-019-31379
Lease: U-66025

Location: NE NW **Sec.** 3 **T.** 26 South **R.** 19 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338
- Contact Robert Krueger at (801) 538-5274.

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. A temporary 640 acre spacing unit is hereby established in Section 3, Township 26 South, Range 19 East for the drilling of this well (R649-3-2.6). No other horizontal wells may be drilled in this section unless approved by the Board of Oil, Gas and Mining.

6. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

From: "Michael Coulthard" <mcoultha@ut.blm.gov>
To: "Lisha Cordova" <nrogm.lcordova@state.ut.us>
Date: 8/10/00 9:15AM
Subject: Re: New APD-Aviara Energy Corp-Kane Springs Unit

Lisha,

The Kane Springs unit contracted on August 5, 2000.
We do not know what the contracted area will be until
we make a determination on the 25-19-34-1.

If you need copies of correspondence for your files let
me know and I can fax them to you. At any rate, section
3 T26S R19E was definitely contracted from the unit
area.

Mick

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

U-66025

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

NA

7. UNIT or CA AGREEMENT NAME:

Kane Springs Federal Unit

8. WELL NAME and NUMBER:

Kane Springs Federal #3-1

9. API NUMBER:

4301931379

10. FIELD AND POOL, OR WILDCAT:

Wildcat

1. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER

2. NAME OF OPERATOR:

Aviara Energy Corporation

3. ADDRESS OF OPERATOR:

P. O. Box 1350

CITY Houston

STATE TX

ZIP 77251-1350

PHONE NUMBER:

(713) 871-3400

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 2512' FNL & 1210' FEL

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 3 26S 19E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ NOTICE OF INTENT
(Submit in Duplicate)

Approximate date work will start:

2/16/2002

☐ SUBSEQUENT REPORT
(Submit Original Form Only)

Date of work completion:

☐ ACIDIZE

☐ ALTER CASING

☐ CASING REPAIR

☐ CHANGE TO PREVIOUS PLANS

☐ CHANGE TUBING

☐ CHANGE WELL NAME

☐ CHANGE WELL STATUS

☐ COMMINGLE PRODUCING FORMATIONS

☐ CONVERT WELL TYPE

☐ DEEPEN

☐ FRACTURE TREAT

☐ NEW CONSTRUCTION

☐ OPERATOR CHANGE

☐ PLUG AND ABANDON

☐ PLUG BACK

☐ PRODUCTION (START/RESUME)

☐ RECLAMATION OF WELL SITE

☐ RECOMPLETE - DIFFERENT FORMATION

☐ REPERFORATE CURRENT FORMATION

☐ SIDETRACK TO REPAIR WELL

☐ TEMPORARILY ABANDON

☐ TUBING REPAIR

☐ VENT OR FLARE

☐ WATER DISPOSAL

☐ WATER SHUT-OFF

☒ OTHER: Extension of APD

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Aviara Energy Corporation respectfully requests a one year extension of the approved "Application for Permit to Drill" for the above referenced well.

A drilling program is tentatively planned to begin the 1st quarter of 2002.

Approved by the
Utah Division of
Oil, Gas and Mining

COPY SENT TO OPERATOR

Date: 08-29-01

Initials: CHD

Date: 08-29-01
By: [Signature]

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AUG 28 2001

DIVISION OF
OIL, GAS AND MINING

NAME (PLEASE PRINT) Victoria Guidry

TITLE Production/Regulatory Coordinator

SIGNATURE

[Signature]

DATE

8/14/2001

(This space for State use only)

HUNT PETROLEUM (AEC), INC.
1601 Elm Street, Suite 3400
Dallas, Texas 75201

July 11, 2002

State of Utah
Department of Oil, Gas & Minerals
1594 West N. Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Attn: Mr. Jim Hamilton

Re: Travelers Bond No. 103860066

Dear Sir:

This is to advise you that Aviara Energy Corporation has changed its name to Hunt Petroleum (AEC), Inc., effective July 1, 2002. Attached is a Surety Rider to Travelers Bond #103860066 (which replaced CNA Bond No. 159209096) and a copy of the Surety Bond on State of Utah Form 4A currently on file with the State of Utah, Department of Natural Resources.

If you have any questions please give me a call at (214) 880-8916.

Yours very truly,



Mary Melvin
Legal Assistant

attachments

cc: Max Gardner (w/enc.)
Donny Worthington (w/enc.)
Gerald Phillips (w/enc.)

Receipt acknowledged this ____ day of July 2002.

STATE OF UTAH, Department of Oil, Gas & Minerals

By: _____

Title: _____

RECEIVED
JUL 15 2002
DIVISION OF
OIL, GAS AND MINING



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Colorado State Office
2850 Youngfield Street
Lakewood, Colorado 80215-7076

IN REPLY REFER TO
3106 (MM)

July 22, 2002

NOTICE

Hunt Petroleum (AEC), Inc.
1601 Elm Street, Suite 3400
Dallas, TX 75201

:
:
Oil and Gas
:

Name Change Recognized

Acceptable evidence was filed and accepted by this office concerning the name change of Aviara Energy Corporation to Hunt Petroleum (AEC), Inc. with Hunt Petroleum (AEC), Inc. being the surviving entity. For our purposes, the name change was recognized effective July 1, 2002 the date of acceptance by the Secretary of the State of Delaware.

A rider changing the name of the principal on Nationwide bond number 159209244 (BLM Bond CO-1274) previously held by Aviara and issued by Continental Casualty Company, was changed to Hunt Petroleum (AEC), Inc. effective July 12, 2002.

The oil and gas lease files identified on the enclosed Exhibit A, supplied by Hunt Petroleum (AEC), Inc. were updated to reflect the new name. We have not abstracted the lease files to determine if the entities affected by the name change hold an interest in the leases identified nor have we attempted to identify leases where the entity is the operator on the ground maintaining no vested record title or operating rights interests. We are notifying the Mineral Management Services (MMS) and applicable Bureau of Land Management (BLM) Field Offices of the name change by copy of this notice. If our field offices require additional documentation for changes of operator, they will contact you.

If you identify additional leases where the affected parties maintain an interest, please contact this office and we will document the files under our jurisdiction with a copy of this Notice. If the leases are under the jurisdiction of another State Office, we will notify them.

If you have any questions concerning this correspondence, please call Martha Maxwell at (303)239-3768.

Martha Maxwell
FOR Beverly Derringer
Chief, Fluid Minerals Adjudication

Exhibit A sent to Eastern SO, New Mexico SO, Montana SO, Utah SO, Wyoming SO &
MMS-MRM, MS357B1, PO Box 5760, Denver, CO 80217
Decision Letter sent to All State Offices via BLM_Fluids_Forum

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☐

OTHER See attachment

2. NAME OF OPERATOR:

Hunt Petroleum (AEC), Inc.

3. ADDRESS OF OPERATOR:

1601 Elm Street, Suite 3400 Dallas, TX 75201

PHONE NUMBER:

214-880-8855

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY:

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Change of company from Aviara Energy Inc. to Hunt Petroleum (AEC), Inc.
effective July 1, 2002.

NAME (PLEASE PRINT) Lisa Augustine

TITLE Agent

SIGNATURE Lisa Augustine

DATE August 6, 2002

(This space for State use only)

RECEIVED

AUG 07 2002

DIVISION OF
OIL, GAS AND MINING

3. FILE

Designation of Agent

Merger

The operator of the well(s) listed below has changed, effective:		07-01-2002
FROM: (Old Operator):		TO: (New Operator):
AVIARA ENERGY CORPORATION		HUNT PETROLEUM (AEC) INC
Address: 1601 ELM STREET, STE 3400		Address: 1601 ELM STREET, STE 3400
DALLAS, TX 75201		DALLAS, TX 75201
Phone: 1-(214)-880-8850		Phone: 1-(214)-880-8850
Account No. N5500		Account No. N2180

CANE CREEK

WELL(S)

[illegible]

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 07/15/2002
2. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 08/07/2002
3. The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 08/07/2002
4. Is the new operator registered in the State of Utah: YES Business Number: 56883-0143
5. If **NO**, the operator was contacted contacted on: N/A
6. (R649-9-2) Waste Management Plan received on: IN PLACE

6. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: 07/01/2002

7. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: 07/01/2002

8. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: N/A

9. **Underground Injection Control ("UIC")**

The Division has approved UIC Form 5, **Transfer of Authority to Inject**,

for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 07/08/2002

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database** on: 08/07/2002
 2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 08/07/2002
 3. Bond information entered in RBDMS on: N/A
 4. Fee wells attached to bond in RBDMS on: N/A
-

STATE WELL(S) BOND VERIFICATION:

1. State well(s) covered by Bond Number: N/A
-

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: CO-1274
-

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: N/A
-

FEE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number N/A
 2. The **FORMER** operator has requested a release of liability from their bond on: N/A
The Division sent response by letter on: N/A
-

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A
-

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

U-66025

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

NA

7. UNIT or CA AGREEMENT NAME:

Kane Springs Federal Unit *Cane Creek*

8. WELL NAME and NUMBER:

Kane Springs Federal #3-1

9. API NUMBER:

4301931379

10. FIELD AND POOL, OR WILDCAT:

Wildcat

1. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER ☐

2. NAME OF OPERATOR:

Hunt Petroleum (AEC), Inc.

3. ADDRESS OF OPERATOR:

P. O. Box 1350

CITY

Houston

STATE

TX

ZIP

77251-1350

PHONE NUMBER:

(713) 871-3400

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 2512' FNL & 1210' FEL

BHL.

1000' FNL & 2000' FNL

QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 3 26S 19E

COUNTY: Grand

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ NOTICE OF INTENT
(Submit in Duplicate)

Approximate date work will start:

6/1/2003

☐ SUBSEQUENT REPORT
(Submit Original Form Only)

Date of work completion:

TYPE OF ACTION

☐ ACIDIZE

☐ ALTER CASING

☐ CASING REPAIR

☐ CHANGE TO PREVIOUS PLANS

☐ CHANGE TUBING

☐ CHANGE WELL NAME

☐ CHANGE WELL STATUS

☐ COMMINGLE PRODUCING FORMATIONS

☐ CONVERT WELL TYPE

☐ DEEPEN

☐ FRACTURE TREAT

☐ NEW CONSTRUCTION

☐ OPERATOR CHANGE

☐ PLUG AND ABANDON

☐ PLUG BACK

☐ PRODUCTION (START/RESUME)

☐ RECLAMATION OF WELL SITE

☐ RECOMPLETE - DIFFERENT FORMATION

☐ REPERFORATE CURRENT FORMATION

☐ SIDETRACK TO REPAIR WELL

☐ TEMPORARILY ABANDON

☐ TUBING REPAIR

☐ VENT OR FLARE

☐ WATER DISPOSAL

☐ WATER SHUT-OFF

☒ OTHER: Extension of APD

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Hunt Petroleum (AEC), Inc. (formerly Avira Energy Corporation) respectfully requests a one year extension of the approved "Application for Permit to Drill" for the above referenced well.

The drilling program is being reevaluated with further drilling tentatively planned to begin the 2nd quarter of 2003.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 10-08-02

By: *Kredley*

RECEIVED

SEP 25 2002

NAME (PLEASE PRINT) Victoria Guidry

TITLE Regulatory Coordinator

DIVISION OF
OIL, GAS AND MINING

SIGNATURE

Victoria Guidry

DATE

8/14/2002

(This space for State use only)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. U-46697
2. Name of Operator Hunt Petroleum (AEC), Inc.		6. If Indian, Allottee or Tribe Name NA
3a. Address P.O. Box 1350, Houston TX 77251-1350	3b. Phone No. (include area code) 713-871-3400	7. If Unit or CA/Agreement, Name and/or No. Cane Creek Federal Unit
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 330' FNL & 1035' FWL, NW NW Sec. 30, T26S, R20E		8. Well Name and No. Cane Creek 30-1
		9. API Well No. 43-019-31365
		10. Field and Pool, or Exploratory Area Wildcat
		11. County or Parish, State Grand County, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Transfer APD</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>to New Unit</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>Operator</u>

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Hunt Petroleum (AEC), Inc. respectfully requests that the approved "Application for Permit to Drill" be transferred to Intrepid Oil & Gas, LLC. Hunt resigned as unit operator and Intrepid was designated successor operator of the Cane Creek Federal Unit.

Following is relevant information:

Intrepid Oil & Gas, LLC
700 17th Street, Suite 1700
Denver, CO 80202
Attn: H. Richard Miller
303.296.3003 - Phone 3006
303.298.7502 - Fax

RECEIVED

JUL 22 2003

DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Victoria Guidry	Title Regulatory Coordinator
	Date 07/17/03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

U-46697

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

Cane Creek Federal Unit

8. WELL NAME and NUMBER:

Cane Creek 30-1

9. API NUMBER:

4301931365

10. FIELD AND POOL, OR WILDCAT:

Wildcat

1. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER

2. NAME OF OPERATOR:

Intrepid Oil & Gas, LLC

3. ADDRESS OF OPERATOR:

700 17th Street, #1700 CITY Denver

STATE CO

ZIP 80202

PHONE NUMBER:

(303) 296-3006

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 330' FNL & 1035' FWL

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 30 26S 20E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION



NOTICE OF INTENT
(Submit in Duplicate)

Approximate date work will start:



SUBSEQUENT REPORT
(Submit Original Form Only)

Date of work completion:

TYPE OF ACTION



ACIDIZE



ALTER CASING



CASING REPAIR



CHANGE TO PREVIOUS PLANS



CHANGE TUBING



CHANGE WELL NAME



CHANGE WELL STATUS



COMMINGLE PRODUCING FORMATIONS



CONVERT WELL TYPE



DEEPEN



FRACTURE TREAT



NEW CONSTRUCTION



OPERATOR CHANGE



PLUG AND ABANDON



PLUG BACK



PRODUCTION (START/RESUME)



RECLAMATION OF WELL SITE



RECOMPLETE - DIFFERENT FORMATION



REPERFORATE CURRENT FORMATION



SIDETRACK TO REPAIR WELL



TEMPORARILY ABANDON



TUBING REPAIR



VENT OR FLARE



WATER DISPOSAL



WATER SHUT-OFF



OTHER: Acceptance of Unit Operator

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Hunt Petroleum has resigned as unit operator and Intrepid Oil & Gas, LLC (IOG) was designated successor operator of the Cane Creek Federal Unit. The above referenced well is in this Unit and IOG accepts operator status.

RECEIVED
NOV 21 2003

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) Richard Miller

TITLE Special Projects Manager

SIGNATURE

Richard Miller

DATE 11/18/2003

(This space for State use only)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

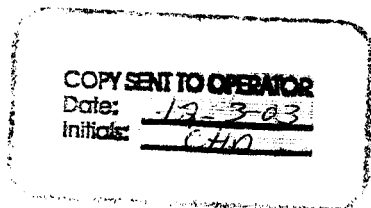
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: U-66025
2. NAME OF OPERATOR: Intrepid Oil & Gas, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: _____
3. ADDRESS OF OPERATOR: 700 17th Street, #1700 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: Cane Creek Federal Unit
PHONE NUMBER: (303) 296-3006		8. WELL NAME and NUMBER: Cane Creek 3-1 Kane Springs
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2512' FNL & 1210' FEL		9. API NUMBER: 4301931379 Federal 3-1
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 3 26S 19E		10. FIELD AND POOL, OR WILDCAT: Wildcat
COUNTY: Grand		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Extension of APD
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

IOG requests a one-year extension of the approved "Application for Permit to Drill" for the above referenced well. The drilling program is being re-evaluated.



Approved by the
Utah Division of
Oil, Gas and Mining
Date: 12-01-03
By: [Signature]

RECEIVED
NOV 21 2003
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) Richard Miller TITLE Special Projects Manager
SIGNATURE [Signature] DATE 11/18/2003

(This space for State use only)

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4301931379
Well Name: Kane Springs Federal #3-1
Location: 1000 FNL, 2000 FWL, SE NE Sec. 3, T26S, R19E
Company Permit Issued to: Avlara Energy changed operator to IOG
Date Original Permit Issued: 8/15/2000

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☒ No ☐ *Change of operator*

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

Richard Miller
Signature

11/18/2003
Date

Title: Special Projects Manager

Representing: Intrepid Oil & Gas, LLC

3. FILE

Merger

4/28/2003

Phone: 1-(303) 296-3006

Unit: Kane Springs

[illegible]

6. (R649-9-2)Waste Management Plan has been received on: IN PLACE

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 4/28/2003 BIA n/a

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: 4/28/2003

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: N/A

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

1. Changes entered in the Oil and Gas Database on: 11/26/2003
2. Changes have been entered on the Monthly Operator Change Spread Sheet on: 11/26/2003
3. Bond information entered in RBDMS on: N/A
4. Fee wells attached to bond in RBDMS on: N/A

STATE WELL(S) BOND VERIFICATION:

1. State well(s) covered by Bond Number: n/a

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTB000029

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: N/A

FEE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number N/A
2. The **FORMER** operator has requested a release of liability from their bond on: N/A
The Division sent response by letter on: N/A

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

COMMENTS:



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

MARY ANN WRIGHT
Acting Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

February 18, 2005

Katie Keller
Intrepid Oil & Gas LLC
700 17TH Street Suite 1700
Denver CO 80202

Re: APD Rescinded – Kane Springs Fed 3-1 Sec. 3, T. 26S, R. 19E
Grand County, Utah API No. 43-019-31379


Dear Mr. Miller:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 15, 2000. On August 28, 2001, October 8, 2002 and December 1, 2003, the Division granted a one-year APD extension. On February 18, 2005, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective February 18, 2005.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Whitney
Engineering Technician

cc: Well File
Bureau of Land Management, Moab

api	well_name	section	township	range	ll_status_m
4301931310	KANE SPRINGS FED 27-1	27	250S	190E	P
4301931324	KANE SPRINGS FED 19-1A	19	260S	200E	P
4301931325	KANE SPRINGS FED 28-1	28	250S	190E	S
4301931331	KANE SPRINGS FED 10-1	10	250S	180E	P
4301931332	KANE SPRINGS FED 20-1	20	260S	190E	S
4301931334	KANE SPRINGS FED 25-19-34-1	34	250S	190E	P
4301931363	CANE CREEK FEDERAL 7-1	07	250S	190E	DRL
4301931364	CANE CREEK FED 11-1	11	260S	190E	DRL
4301931365	CANE CREEK 30-1	30	260S	200E	APD
4301931379	KANE SPRINGS FED 3-1	03	260S	190E	APD
4303730572	GOVT EVELYN CHAMBERS 1	06	310S	240E	S
4303730612	GOVT EVELYN CHAMBERS 2	05	310S	240E	S
4304731768	COWDEN 31-3-C	31	060S	210E	S
4304731769	FEDERAL 33-6-F	33	060S	210E	P
4304731787	FEDERAL 33-8-N	33	060S	210E	P
4304731804	FEDERAL 33-3-J	33	060S	210E	S
4304731844	FEDERAL 33-7-L	33	060S	210E	P
4301931341	KANE SPRINGS 16-1	16	250S	180E	A
4304731776	ALTA 5-1-B	05	070S	210E	P
4304731843	ALTA 5-2-C	05	070S	210E	P